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Dominion Energy®

March 14, 2022

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk/Executive Director
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

RE: Petition of Dominion Energy South Carolina, Inc. for an accounting order related to retirement of certain electric generating units
Docket No. 2022-____-E

Dear Ms. Boyd:

Enclosed for filing, on behalf of Dominion Energy South Carolina, Inc. ("DESC"), is a petition for an accounting order related to retirement of certain electric generating units.

By copy of this letter, DESC is serving the South Carolina Office of Regulatory Staff with a copy of the Company's petition.

If you have any questions, please advise.

Very truly yours,

Matthew W. Gissendanner

Matthew W. Gissendanner

MWG/kms
Enclosure

cc: Andrew M. Bateman, Esquire
Dawn Hipp
(both via electronic mail and U.S. First Class Mail w/enclosure)

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2022 - ___ - E

IN RE:

Petition of Dominion Energy South Carolina, Inc. for an accounting order related to retirement of certain electric generating units	))))	PETITION OF DOMINION ENERGY SOUTH CAROLINA, INC. FOR AN ACCOUNTING ORDER

Dominion Energy South Carolina, Inc. ("DESC" or the "Company") hereby files with the Public Service Commission of South Carolina ("Commission") this petition, pursuant to S.C. Code Ann. § 58-27-1540 (2015), S.C. Code Ann. Reg. 103-825 (2012), and all other applicable law, seeking an accounting order for regulatory accounting purposes authorizing DESC to reclassify its net carrying value in its investment in the following units to unrecovered plant regulatory asset accounts upon the retirement of the units pursuant to the Company's peaking generation replacement plan:

a. Two simple cycle combustion turbines currently located at the Company's Bushy Park site each with net summer and winter rating capabilities of 20 MW and 26 MW, respectively.

b. Two simple cycle combustion turbines currently located at the Company's Parr site each with net summer and winter rating capabilities of 13.5 MW and 17 MW, respectively.

c. Two simple cycle combustion turbines currently located at the Company's Parr site each with net summer and winter rating capabilities of 16.5 MW and 19.5 MW, respectively.

d. Two simple cycle combustion turbines currently located at the Company's Coit site each with net summer and winter rating capabilities of 13 MW and 18 MW, respectively.

e. One simple cycle combustion turbine currently located at the Company's Hardeeville site with net summer and winter rating capabilities of 9 MW.[1]

Collectively, these units will be referred to herein as the "Retired Units." The Company further requests to (i) recognize additional costs incurred related to the dismantling and retirement of the Retired Units to the unrecovered plant regulatory asset accounts, (ii) record the carrying value of existing inventory that will become obsolete as the result of the retirements to the unrecovered plant regulatory asset accounts, (iii) record any disposition salvage proceeds received as a credit (reduction) to the unrecovered plant regulatory asset accounts, and (iv) amortize the unrecovered plant regulatory asset balances in amounts equal to the level of depreciation expense previously being recorded for the Retired Units at the time of their retirement.

The request for relief set forth herein will not involve a change to any of DESC's retail rates or prices, or require any change in any Commission rule, regulation, or policy. In addition, the issuance of the requested accounting order will not prejudice the right of any party to address this issue in a subsequent general rate case proceeding. Accordingly, neither notice to the public at-large, nor a hearing is required regarding this Petition.

[1] As discussed further below, DESC is requesting to reclassify its carrying value in the Hardeeville unit to a regulatory liability account instead of a regulatory asset account upon its retirement.

In support of this Petition, the Company would respectfully show unto this Commission the following key facts and would request of and apply to the Commission for the following relief:

1. DESC is a corporation organized and existing under the laws of the State of South Carolina. Further, DESC is, in part, an electric utility engaged in the generation, transmission, distribution, and sale of electricity to the public for consumption. DESC's retail electric operations are subject to the jurisdiction of the Commission pursuant to the provisions of Chapter 27 of Title 58 of the South Carolina Code.

2. Corporate legal counsel for DESC in this proceeding are as follows:

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All correspondence and any other matters relative to this proceeding should be addressed to the Company's authorized representatives as stated hereinabove.

3. DESC operates an integrated electric utility system that serves approximately 772,000 customers in 24 counties covering nearly 16,000 square miles in central, southern, and southwestern portions of South Carolina. DESC's service territory includes the metropolitan areas of Charleston, Columbia, Beaufort, and Aiken and many other smaller cities and towns, and rural areas in South Carolina.

4. On March 10, 2021, in Docket No. 2021-93-E, DESC filed a request with the Commission for a "Like Facility" determination pursuant to S.C. Code Ann. §58-33-110(1) and Waiver of certain requirements of Commission Order No. 2007-62 which require DESC to

conduct mandatory requests for proposals ("RFP") for new peaking generation requirements. In its request, the Company explained in detail its plan to replace the nine Retired Units with three modern aero-derivative turbines at its Parr and Bushy Park locations ("Replacement Units").

5. On November 10, 2021, DESC, the Office of Regulatory Staff ("ORS") and all other parties of record submitted a Partial Settlement Agreement (the "Settlement") in Docket No. 2021-93-E. On December 14, 2021, the Commission voted to approve the Settlement and issued Order No. 2022-27 on January 11, 2022.

6. The Settlement approved by the Commission granted the relief requested by the Company with respect to the Replacement Units such that neither further proceedings under the Siting Act nor an RFP pursuant to Commission Order No. 2007-626 or 2018-804(A) shall be required for those units.

7. As of December 31, 2021, DESC's aggregate carrying value in the Retired Units was approximately $6.2 million.

8. With the exception of the retired unit located at the Company's Hardeeville site as explained more fully below, as the peaking generation plan is rolled out, the Retired Units will be retired prior to DESC's investment being fully recovered. As provided for in the Federal Energy Regulatory Commission's ("FERC") Uniform System of Accounts ("USoA"), which has been adopted by the Commission, DESC seeks authorization from the Commission to reclassify its net carrying values in its investment in the Retired Units to unrecovered plant regulatory asset accounts (FERC Account 182.2 – Unrecovered Plant and Regulatory Study Costs) upon their retirement. Also as provided for in the USoA, DESC seeks authorization to recognize additional costs incurred related to the early retirement of the Retired Units to the unrecovered plant

regulatory asset accounts. These additional costs include dismantlement costs and other costs incurred related to the retirement, net of any salvage or recovery proceeds that may be received.

9. DESC anticipates that certain items currently maintained in inventory will become obsolete because of the retirements. DESC respectfully requests Commission authorization to include its carrying value in the obsolete inventory, which is currently estimated to be less than $100,000, in the unrecovered plant regulatory asset accounts.

10. DESC seeks authorization to amortize the balances in the unrecovered plant regulatory asset accounts in amounts equal to the level of depreciation expense previously being recorded for the units at their retirement, with such amortization to begin upon the Retired Units being removed from service and continuing until the unrecovered costs are fully recovered.

11. The retired unit located at the Company's Hardeeville site has reached the end of its useful life, is no longer being depreciated and as of December 31, 2021, has a negative carrying value of approximately $1.1 million. To ensure that the credit balance resulting from the negative carrying value is passed to customers, the Company is requesting authorization to reclassify this negative carrying value to a regulatory liability account (FERC Account 254 – Other Regulatory Liabilities). The Company requests authorization to recognize additional costs incurred related to the retirement and dismantlement of the Hardeeville unit as a reduction to this regulatory liability and to credit any salvage proceeds received as an increase to the regulatory liability. The Company will propose an appropriate manner to return any balance in this regulatory liability to customers in a future rate setting proceeding.

WHEREFORE, having set forth its Petition, DESC respectfully requests that the Commission issue an order authorizing DESC to (i) reclassify its net carrying values in its investment in the Retired Units to unrecovered plant regulatory asset accounts (FERC Account

182.2) upon their retirement as part of the Company's peaking generation replacement plan; (ii) recognize additional costs incurred related to the dismantlement and retirement of the Retired Units to the unrecovered plant regulatory asset accounts; (iii) include its carrying value in inventory that will become obsolete as the result of the retirements in the unrecovered plant regulatory asset accounts; (iv) record any disposition salvage proceeds received as a credit (reduction) to the unrecovered plant regulatory asset accounts; (v) amortize the unrecovered plant regulatory asset balances in amounts equal to the level of depreciation expense previously being recorded for the units at their retirement and to continue such amortization until the unrecovered costs are fully recovered; (vi) reclassify the negative carrying value of the Hardeeville unit to a regulatory liability account (FERC Account 254), with costs associated with the dismantlement and retirement of the unit being recorded as a reduction to the regulatory liability and any salvage recovery proceeds serving to increase the regulatory liability; and (vii) granting such other and further relief as is just and proper.

Respectfully submitted,

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